

Major upcoming global economic releases and events

DATE	DATA/EVENT	PREVIOUS	CONSENSUS
16-Nov-21	RBA meeting minutes	NA	NA
16-Nov-21	US retail sales m/m (Oct)	0.7%	1.1%
17-Nov-21	Australia wage growth q/q (Q3)	1.7%	2.2%
17-Nov-21	UK core inflation rate y/y (Oct)	2.9%	3.1%
17-Nov-21	US building permits m/m (Oct)	-7.8%	NA
19-Nov-21	UK consumer confidence (Nov)	-17	-18
19-Nov-21	UK retail sales m/m (Oct)	-0.2%	0.4%

Source: Bloomberg, UBS Global Research, Tradingeconomics.com

What to watch this week



Australia

The Australian labour market was in focus last week, with the publication of both ABS payroll data and the October Labour Force Survey (LFS). The payroll data was released first and painted a positive picture in the 2 weeks to 16 October, with a 1.3% gain. The detail showed that the second week was materially stronger than the first, suggesting that the recovery is gaining pace. The LFS covered the period from 26 September to 9 October, missing the stronger growth period shown by the payroll data and this may have impacted the result. 46k jobs were lost over the month, well below the forecast 50k gain, and the unemployment rate jumped from 4.6% to 5.2%, also materially worse than consensus. Underlying data for both series shows that NSW leads Vic, which is less well progressed along the reopening timeline. Looking ahead, labour market metrics are expected to improve, although an increasing participation rate may slow downward pressure on the unemployment rate.

Q3 wage data and the RBA meeting minutes are this week's highlights.



US

US CPI numbers were much stronger than expected in October. The headline index gained 0.9% over the month to be 6.2% higher over the year, well above the respective 0.6% and 5.8% consensus numbers. A similar picture is apparent in the core series, which was up 0.6% m/m and 4.6% y/y, above respective forecasts of 0.4% and 4.3%. The market reaction saw US equities sell-off more than one percent on Wednesday and US bond yields jump. Inflation is expected to remain elevated before falling next year.

Away from data, the debate over whether Fed Chair Jerome Powell will maintain his position was in the headlines last week. Powell's current 4-year tenure ends in February 2022 and President Biden has said he will soon to make a decision on whether he will be replaced. Last week bond yields fell sharply when it emerged that Biden had interviewed Lael Brainard, who is known for her dovish view on interest rates.

Retail sales, industrial production and building permits are the major data releases in the US this week.



Europe

GDP growth was a little lower than expected in the UK in Q3, up 1.3% against a 1.5% consensus. The impact of easing lockdowns is still evident, with areas such as household goods and services and clothing sharply lower but more than offset by strong gains in restaurants and hotels and transport. Growth is expected to remain strong in 2022 before stepping down to pre-Covid type trend levels in 2023. In other data, industrial production was weaker than expected UK but stronger than expected in Europe in September.

This week's UK labour market data will be important for monetary policy settings. The Bank of England decided against hiking rates earlier this month, preferring to see the impact of the recent termination of the furlough scheme. This will become clearer with the October release, firming market pricing for a potential hike in December.

In addition to labour market data, a busy week ahead in the UK sees inflation, retail sales and consumer confidence all due for publication. There are no major data prints in Europe this week.

Chart of the week—Australian consumer confidence



Both the consumer and business sentiment surveys were published in Australia last week. Consumer sentiment was up 0.6% in November to 105.3, above the long-term average. There is some disparity by region, with NSW and Vic in positive territory as they emerge from lockdown, but confidence in other states and territories declining over the month. Job security fears were sharply lower over the month, benefiting from the end of lockdown conditions.

The business survey was also positive, with both conditions and confidence higher in October. The survey showed that price pressures continue to build, with supply chain constraints and increasing labour costs pushing up purchasing prices.

Looking ahead, both business and consumer confidence can continue to benefit as the economy recovers in the months ahead.

Source: UBS, Westpac Melbourne Institute, Macrobond, RBA

Financial market movements

INDICATOR	AS AT 12-NOV-21	1 WEEK CHANGE	1 YEAR CHANGE	3 YEAR CHANGE (ANNUALISED)	5 YEAR CHANGE (ANNUALISED)
EQUITIES					
S&P/ASX 200 Accum. Index	85,859.72	-0.04	20.43	13.02	11.11
US S&P 500 TR [^] Index	9,793.22	-0.27	32.51	21.84	18.70
Europe STOXX TR Index	1,009.21	0.25	29.50	13.66	10.65
UK FTSE 100 TR Index	7,256.73	0.71	20.53	5.35	5.60
Japan TOPIX TR Index	3,053.78	-0.04	21.94	9.74	9.85
MSCI World ex-Australia TR Index	7,420.97	0.04	30.41	18.48	15.41
FIXED INCOME					
	%	BP	BP	BP	BP
Australian 90-day bank bill yield	0.04	-0.88	2.00	-63.80	-34.64
Australian 10-year bond yield	1.80	-1.80	88.10	-31.60	-15.47
US 90-day bank bill yield	0.04	-0.12	-4.01	-75.71	-8.48
US 10-year bond yield	1.56	11.00	67.98	-54.31	-11.80
UK 10-year bond yield	0.91	6.90	56.60	-17.97	-9.02
German 10-year bond yield	-0.26	2.10	27.70	-21.95	-11.37
COMMODITIES					
		%	%	%	%
Gold	1,864.90	2.56	-0.64	15.82	8.72
Oil—West Texas Crude	80.79	-0.59	96.47	10.47	13.23
Iron Ore Spot Price Index	90.40	-3.50	-25.22	6.57	5.25
CURRENCIES					
		%	%	%	%
AUD:USD	0.73	-0.92	1.38	0.73	-0.57
EUR:USD	1.14	-1.05	-3.06	0.67	1.06
GBP:USD	1.34	-0.62	2.26	1.44	1.27
USD:JPY	113.89	0.42	8.33	0.01	1.32
NZD:USD	0.70	-1.03	2.97	1.63	-0.24
CHF:USD	1.09	-0.98	-0.66	3.15	1.40
AUD:EUR	0.64	0.16	4.59	0.06	-1.66
AUD:GBP	0.55	-0.31	-0.84	-0.70	-1.92
AUD:JPY	83.50	-0.52	9.82	0.74	0.73

*BP = Basis Point, Source: Bloomberg; [^]TR = Total return.

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